DOCUMENT RESUME

ED 425 041 RC 021 740

TITLE Establishing Pathways from Poverty in a Block Grant Environment.
INSTITUTION Cornell Univ., Ithaca, NY. Community and Rural Development Inst.
PUB DATE 1996-00-00
NOTE 6p.; "By the NYS Pathways from Poverty Team."
PUB TYPE Collected Works - Serials (022) -- Opinion Papers (120)
JOURNAL CIT Community Development: Research Briefs & Case Studies; v4 n1 Win 1996
EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS *Agency Cooperation; *Block Grants; Community Health Services; *Community Services; Job Training; Labor Force Development; Planning; Policy Formation; *Poverty Programs; Public Agencies; *Public Policy; *Rural Areas; Underemployment; Welfare Services
IDENTIFIERS New York; *State Local Relationship; Working Poor

ABSTRACT

Federal block grants and consolidated programs related to poverty reduction may compel states to streamline administrative structures and approaches that have deterred collaboration in the past. This report considers the block grant environment in making key policy recommendations for reducing poverty in rural areas, formulated during a Pathways from Poverty meeting in New York. Unique attributes of the rural poor and challenges of providing services and support in rural areas suggest that collaboration among service providers and agencies is the most logical way to address community needs. Policies that support integrated planning, outcome versus process measurement, and regulatory flexibility are critical to development of successful rural poverty strategies. Policy recommendations are organized around eight key principles: commitment to statewide minimum benefit standards that meet basic needs; making work pay for the working poor; improving statewide technological and administrative supports and quality assurance mechanisms; developing an inclusive work force development system that offers education and training to meet specified local needs; managing cooperation at the local level in rural health care systems; promoting service planning in a community context; achieving interagency collaboration and service integration; and evaluating programs on the basis of achievement of outcomes, rather than process measurements. Sidebars discuss underemployment in New York, caution local policy makers about the cost-cutting intent of federal proposals, and list members of the New York State Pathways from Poverty Team. (SV)

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ED 425 041

Community Development

Research Briefs & Case Studies

Cornell Community and Rural Development Institute

Volume 4, Number 1, Winter 1996

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by

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Reports
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BACKGROUND

With funding from the W.K. Kellogg Foundation and the four Regional Centers for Rural Development, the Task Force on Persistent Rural Poverty was formed by the Rural Sociological Society in 1990 to research the causes of persistent poverty in the United States. As a follow-up to this research, the W.K. Kellogg Foundation and the Farm Foundation provided funds to the Centers to conduct four regional workshops on Pathways from Poverty. Delegations from states in the Northeast Region met September 25th through September 27th, 1995 in Boston, Mass. to learn of research results, share program outcomes, and begin to develop new program strategies. An expanded group met under the auspices of the New York Rural Development Council on December 5, 1995; future meetings will continue to explore the causes of, and make policy recommendations about, rural poverty. The December 5 meeting offered eight key policy recommendations for reducing poverty in rural areas.

CONTEXT

Rural New York, although comprising a small percentage of the population of the State, has a populace which is greater than many other states. A number of rural areas in the State have become urban migration locations, offering inexpensive land and housing for commercial and residential development, and a relatively safe and healthful environment. Other areas are pockets of abject poverty, statistically similar to the poorest inner city neighborhoods.

New York's 44 rural counties have diverse demographics and needs but share certain unique attributes. Unlike urban areas, there is little, if any, competition among service providers. There are manageable numbers of

KEY PRINCIPLES

Basic Statewide Commitments

Statewide Benefit Standards: Statewide standards must assure equity across county lines; basic needs for children, the disabled, and the elderly; and wherewithal to achieve independence for able-bodied adults.

Make Work Pay: Most rural poor are working poor. The means must be provided to ensure that work effort results in the ability to meet household and work-related expenses.

Statewide Administrative Supports: To assure quality and promote local efficiencies and innovations, adaptable and responsive State administrative supports are necessary.

Local Development of Related Systems

An Inclusive Work Force Development System: Limited job generation potential of rural economies requires that State and local economic and workforce development strategies, including entrepreneurship, are targeted to those in poverty and match local business needs.

Locally Designed Health Care Systems: Locally developed and administered health care systems, which are designed to address management of care in a non-competitive rural environment, must be promoted through rural health networks.

Achieving Service Integration

Community-Driven Service Planning: State responsiveness to locally generated initiatives can be achieved by reducing regulatory and administrative requirements, and encouraging community planning.

Achieve Collaboration and Integration: A new State-local partnership with the flexibility to support service integration based on client needs should be established. This is especially critical should welfare benefits become time-limited.

Outcome-Based Evaluation: To adequately assess returns on investment, evaluation must be adaptable to multi-agency configurations, measuring client, versus organizational, outcomes.

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entities which are able to lend expertise and resources to community efforts. Collaboration among these entities is the most logical way to address community needs. Outcomes are often achieved through collective effort. Therefore, policies which support integrated planning, outcome versus process measurement, and regulatory flexibility are critical to the development of successful strategies to address poverty in rural areas.

The poor in rural areas also have unique attributes resulting in unique challenges. Low income families almost universally face transportation hardships due to the lack of public transportation and the expense of vehicles and their maintenance. Distances which must be traveled for work search and to child care and employment locations exacerbate the hardship. Employment options, and the ability to match personal skills to employer needs and demands are more limited in rural areas. Health care access is another particular challenge for low income rural New Yorkers.

The opportunity exists for the challenges of rural, as well as urban, poverty to be met by means of:

1) State commitment to a simplified, equitable, and flexible set of administrative and programmatic supports;

2) Local commitment to the formulation of collective approaches which tailor and target service and benefit delivery on the basis of community and individual needs; and

3) The development of trust at both levels in order to create the type of partnership needed in order to make the best use of curtailed resources.

KEY PRINCIPLES

Statewide Benefit Standards: The State needs to remain committed to Statewide minimum benefit standards for welfare recipients, which meet basic human needs, below which no county or region may fall. These benefit standards should be simplified. They should take into account cash grants, medical assistance, emergency assistance, and resources for attaining employment (among others).

Regardless of form (i.e. flat grant, voucher, shelter, subsidy, paid public work), there needs to be a commitment that the basic needs of the poor, the vast majority of whom are children and the elderly, will be provided insolong as individual and family responsibilities are met.

Make Work Pay: It is critical that working families, which comprise the ever greater share of all poor families, and those striving to leave welfare through work effort are better off than if on welfare. This goal may be reached by means of ensuring more affordable essential services (including medical, housing, and child care), through tax incentives, by increasing the minimum wage, through earned income disregards and supplementation, or with guaranteed child support payments (as in the CAP program).

In anticipation of time limitations on welfare benefits, it is critical that State policy related to the supplementation of wages be established. It must be recognized that there are adults who are earning to capacity but their wages are insufficient to meet the basic needs as well as work-related and child care expenses.

Statewide Technological and Administrative Supports, and Quality Assurance Mechanisms: Statewide management systems should be retained, while making them more adaptable and responsive to local needs. Basic quality standards, including timeliness, should be in place statewide.

Localities should have flexibility in the means by which standards are

Perhaps the most critical problem facing the rural poor is finding work that pays. Many rural workers hold jobs that that do not provide sufficient income to lift their families above the poverty level. In a study I conducted with David Brown, we found that 44 percent of the rural poor households in the United States have at least one employed adult. More generally, the problem of finding work that pays adequate wages confronts workers throughout the global economy. The International Labor Organization estimates that approximately one third of the global labor force is underemployed in the sense of not being able to find any job whatsoever, or holding a job that pays wages at or below the poverty level. While the problem of underemployment is a global problem, it tends to be worse in some areas than in others. For example, in New York State, underemployment is highest in nonmetropolitan counties (rural counties not containing a city of 50,000 persons, or not adjacent to a city, where 27 percent of the labor force is underemployed)), followed by New York City (25 percent underemployed); lowest in metropolitan areas other than New York City. In this sense, rural New York shares a common set of concerns with New York City, concerns that can be addressed by measures such as the earned income tax credit, the minimum wage, and other policies that increase the benefits of work.

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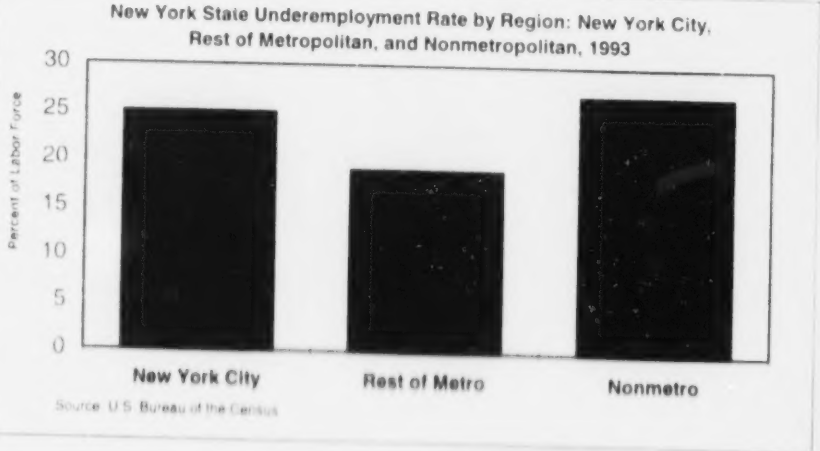

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achieved. There should be State investment in local initiatives which are targeted towards exceeding base standards, in order to promote administrative efficiencies, the highest quality service delivery, and programmatic savings.

An Inclusive Work Force Development System: There needs to be a solid statewide commitment to work force development which does not exclude the significant portion of the labor force who are either receiving welfare benefits or are living in poverty due to depressed wages. Welfare-to-work and School-to-work initiatives should be integral aspects of all community and economic development strategies.

Educational and training programs should be funded on the basis of contractual agreements which require return on investments based on outcome measurements rather than participation rates.

The nature of the education and training offered must meet the specified needs of the local business community. Private industries which receive governmental benefits and incentives should be required to agree to hire a reasonable percentage of their work force from a pool of employable individuals defined locally as most in need.

Locally Designed Health Care, Including Managed Care, Systems: There are currently 21 Rural Health Networks, developed under the auspices of the NYS Office of Rural Health, in New York State. The Office of Rural Health receives direction from the NYS Rural Health Council, a broad-based advisory group.

Rural Health Networks are locally developed and directed organizations that link health and human service providers to supply comprehensive health and health related services for a defined rural area. Reorganizing and integrating health care delivery systems to better meet community needs is a major goal.

In rural areas, where there tend to be insufficient health care resources, management of health care is a matter of managing cooperation rather than managing competition. Integrated networks provide the wherewithal to address cooperation issues such as protocols for serving special needs populations, preventive health care education and services, long term care access, and means to establish shared services, and pool resources.

It is considered essential that the design of managed health care for the Medicaid-eligible population, as well as for the rural population as a whole, be locally driven and accomplished using integrated approaches, based on public-private partnership.

Health care financing should be based upon localized, versus regional, conditions. Regional rate-setting for managed care programs will inflate the costs of the, historically, least costly (generally rural) areas; in effect, creating a subsidy for more costly areas of a given region. On the other hand, inappropriately low Medicaid reimbursement rates for rural areas have forced rural hospital closure due to lack of scale -- again with the result of cost escalation.

Community-Driven Service Planning: Each State agency has myriad requirements for planning, by program and by activity. These requirements most often reflect the State agenda and/or are designed to meet Federal reporting and planning requirements rather than promoting planning in a community context. They are not, for the most part, integrated either across program lines, within a department, or among departments. Therefore, they result in duplicative and sometimes conflicting demands on local entities. In addition, what is often called "planning" is more accurately described as "reporting" in that what is called for is process description.

A block grant environment provides the opportunity to considerably reduce regulatory and administrative requirements so that energies can be refocused on setting local goals, and the strategies which might best achieve them.

Communities, either singly or collectively, counties, and regions should be the primary sources of service planning, with the State assuming responsibility for responding to locally-generated initiatives. Departmental and divisional planning requirements should be eliminated or waived, in favor of more comprehensive approaches.

Achieve Collaboration and Integration: In order to effectively carry out plans which are set in a

A long history of program development and debate lies behind current moves to end the federal entitlement status for Aid to Families with Dependent Children (AFDC) - enacted in 1935 - and to shift to a block grant model. The federal program was modeled on earlier locally run Mothers' Aid Programs (MAPs), which provided assistance to women, usually widows, to enable them to raise their children at home. Legislated at the state level, MAPs were locally developed, implemented, and funded. **Services available in one county or region often were unavailable in others, and many women with children failed to receive support because of community divisions, including race. The uneven provision of MAP assistance, and the exhaustion of local aid resources, stood as two key reasons for the development of a federal-state partnership to provide AFDC under the 1935 Social Security Act.** The rationale for federal funding of this and other social insurance programs was largely economic: Because economic downturns and recessions hit some regions harder than others at any given time, locally funded assistance programs would face the greatest demand for services just when they had the least resources. Federal entitlement status gave programs the capacity to act as economic stabilizers to hard hit areas. **Because current legislative proposals for block grants are primarily designed to reduce costs , they potentially jeopardize the role of assistance programs as economic stabilizers.** Local policy makers need to be cognizant of the specific requirements, outcome measures, and block grant allocation formulas of the "Personal Responsibility and Work Opportunity Act of 1995" (HR4) passed by Congress in late December. The structure and intent of federal welfare reform legislation will have a significant impact on whether block grants to localities increase or decrease local resources and service provision flexibility.

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community context, a new State-local relationship needs to emerge. This new relationship should be not unlike the one being currently envisioned at the Federal level, as to its relationship with the states.

Agencies and organizations need to be provided the flexibility to integrate expertise and resources. Collaboration at the local level should be mirrored at the State level to the degree possible. State agencies should take on an 'information and resource broker' role. For example, a mechanism should be established which would allow certain State program and grant funds to be interdepartmentally administered.

The development of intensive, multi-resource interventions will become critical should welfare benefits become time-limited. In order to address the multiplicity of needs which many families in poverty face as barriers to self-sufficiency, providers of benefits and services must have the flexibility to intensively case manage.

Essential to the ability to case manage effectively is the abandonment of funding-driven service selection. Client need must dictate this selection, and outcomes to be achieved predicated on a comprehensive and individualized assessment.

Outcome-Based Evaluation: Local programs should be evaluated on the basis of achievement of outcomes, rather than on process measurements. Outcome-based evaluation will foster collaborative efforts and client-oriented versus organization-oriented results. It will also provide State agencies with a more definitive analysis of return on investment and substantially reduce the administrative effort at the State level related to monitoring functions. This method of evaluation should also be used for contracted services as well as those directly provided.

The nature of the evaluations conducted should be adaptable to any locally determined configuration so that groups of providers can be judged as a single entity regardless of whether funds, staffs, or other resources are pooled.

CONCLUSION

Federally block-granted funds and consolidated programs may compel states to streamline administrative structures and approaches which have deterred collaboration in the past. Block grants, along with funding reductions may necessitate return on investment strategies which are administratively simplified and flexible, thus less costly at both the State and the local level.

Realistic pathways from poverty require a solid base from which to start: closely linked systems (welfare, community development, taxation, education, work force development, health, human services, and economic development); recognition of individual and community diversity; and commitment to those who are working and supporting their families to the best of their abilities.

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